Alberta Gaming and Liquor Commission

2001-2002 ANNUAL REPORT

Protecting the integrity of Alberta's gaming and liquor industries.

Alberta Advantage

ALBERTA LOTTERY FUND

Alberta GAMING AND LIQUOR COMMISSION

Alberta
GAMING AND LIQUOR
COMMISSION

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Message from the Chairman and CEO

The 2002 fiscal year represented a period of significant change and progress in which significant policy changes in the gaming and liquor industries were developed and implemented by the Alberta Gaming and Liquor Commission. During the year, the Commission recommended to the government a number of policy and legislative changes that would enhance the integrity of gaming and liquor industries in Alberta by updating and clarifying the legislation, regulation and policies that govern the activities of these industries. These recommendations resulted from several review initiatives, with each review initiative featuring extensive consultations with stakeholders throughout the province. The key principles which guided the reviews and the stakeholder consultations were those of integrity, transparency, accountability, and social responsibility in the gaming and liquor industries.

Activities of the Board

The Board of the Alberta Gaming and Liquor Commission establishes policies for the Commission, oversees the operation of the Commission, and makes decisions and conducts hearings into matters respecting gaming and liquor licences and registrations. The Board normally meets every two weeks.

The Board approved recommended amendments to the *Gaming and Liquor Act* and *Gaming and Liquor Regulation* during the fiscal year. These recommendations followed a comprehensive review, which included extensive stakeholder consultation, designed to ensure that the provisions of the Act and Regulation continue to be relevant to the regulatory framework for gaming and liquor activities and operations in the province. The Minister of Gaming introduced Bill 14, the *Gaming and Liquor Amendment Act*, in the spring 2002 session of the Legislature. This legislation, and the accompanying *Gaming and Liquor Regulation*, were proclaimed on June 25, 2002.

In a separate initiative, the government adopted or adopted with revision, all 61 policy recommendations from the extensive Gaming Licensing Policy Review conducted by the Commission. The new policies, to be administered by the Commission, will help ensure that any future growth of gaming in Alberta is well regulated and managed in a socially responsible manner. The views of Albertans and stakeholder groups were instrumental in the development of these recommendations. The Board approved the recommendations prior to their being forwarded to the Minister of Gaming for consideration by the government.

The Board also reviewed and approved specific standards and terms and conditions for First Nations casinos. These terms and conditions are based on the First Nations Gaming policy approved by the government in January 2001 and are consistent with policy directions from the Gaming Licensing Policy Review. The terms and conditions for First Nations casinos, including the process to review and approve any new casino applications, are consistent with those established for other casinos in the province.

The Board also undertook a review of charitable gaming policies related to eligibility for gaming licences and the use of proceeds from gaming activities. Consultation with stakeholders on these policies is expected to occur in the 2003 fiscal year.

The audit committee, made up entirely of Board members, assists the Board in its oversight responsibilities. These responsibilities include the financial reporting of the Commission, the system of internal control and management of financial risks, the audit process, and the Commission's process for monitoring compliance with laws and regulations. Audit committee members during the fiscal year were Dr. Robert Westbury, Mr. Doug Fulford, Mr. Edward Gaudet and Mrs. Patricia Whiting. The audit committee meets regularly to review quarterly financial projections and year-end financial statements. The committee also holds pre-audit and post-audit meetings with the Auditor General of the province. At these meetings, amongst various other responsibilities, the committee reviewed recommendations made by the Auditor General and management's plans for addressing the Auditor General's recommendations.

The Board also, during the year, approved an enhanced due diligence process for the licensing of casino facility operators. This process is aimed at ensuring that those individuals with criminal backgrounds or who are otherwise determined to be a detriment to the integrity of gaming do not become involved with gaming in the province. The revised due diligence process entails a more detailed investigation into financial relationships among key participants associated with applications for casino facility licences.

The Board held 103 hearings in fiscal 2002. These hearings dealt with alleged violations of the *Gaming and Liquor Act*, Regulation or Board policy. The hearings related to liquor service to minors, after hours service, the sale or possession of illegal liquor, infractions related to registered gaming workers, the eligibility of organizations to hold charitable gaming licences, and other matters or alleged contraventions of the Act, Regulation, or Board policy. The Board also imposed 290 specified penalties to licensees for infractions of the

103-01911/

Gaming and Liquor Act, Regulation, or Board policy. All Board disciplinary decisions are posted on the Commission's website, www.aglc.gov.ab.ca.

Dr. Robert Westbury resigned as a member of the Board in March 2002. During his term, Dr. Westbury chaired the Commission's Audit Committee. He was also one of Alberta's representatives on the Board of the Western Canada Lottery Corporation. Dr. Westbury's invaluable contributions to the Board are greatly appreciated. His expertise and insights will be missed.

Corporate Activities

The Corporation conducts and manages provincial lotteries including electronic gaming and ticket lotteries, oversees all charitable gaming activities, collects revenue for the Alberta Lottery Fund, collects the mark-up on liquor products and regulates gaming and liquor activities in the province.

The Commission began to implement the new policy directions of the government following the Gaming Licensing Policy Review completed in the summer of 2001. While the review of gaming licensing policies was being conducted, consideration to license new gaming facilities, including new casinos, and the expansion of existing casinos, was suspended. This moratorium respecting new casino facilities was removed on March 1, 2002 after the Commission developed specific casino terms and conditions to manage and control gaming expansion in the province, consistent with the policy direction provided by government as a result of the Gaming Licensing Policy Review. These specific casino terms and conditions were subject to an extensive stakeholder consultation process.

The Commission also undertook reviews related to the *Gaming and Liquor Act* and *Gaming and Liquor Regulation*, and to the policies regarding charitable groups' eligibility for gaming licences and use of gaming proceeds. The Commission undertook extensive stakeholder consultation on the proposed amendments to the Act and Regulation before forwarding its recommendations to the Board for its consideration. Stakeholders are expected to be consulted on proposed updated charitable gaming policies in the 2003 fiscal year.

The Commission is addressing matters raised in the provincial Auditor General's 2000 – 2001 report. One of these matters related to compensation rates paid to VLT retailers and casino facility licensees. To facilitate the review of the compensation rates paid to VLT retailers and casino facilities licensees, as recommended by the Auditor General, the Commission hired an independent consultant. The aim of the review is to determine whether the compensation rates paid to VLT

retailers and casino facility operators represent an appropriate commercial return for the services provided by these retailers and operators.

Another matter related to the ownership and management of SEGA racing terminals. To satisfy the Auditor General's recommendation that SEGA racing terminals in casinos be operated and managed by the AGLC, the Commission has decided to terminate any SEGA racing terminal agreements with casino operators on or before December 31, 2003. The Commission has offered to purchase these terminals from casino operators prior to December 31, 2003. If the casino operators do not sell the SEGA racing terminals to the Commission prior to, or on that date, the casino operator will be directed to cease operation of the game and remove the terminals from the casino.

Revenues from charitable gaming activities and provincial lotteries support charitable, not-for-profit, public and community-based initiatives in the province. Charitable groups in the province earned over $200 million from charitable gaming activities in fiscal 2002, compared to $183 million in the previous fiscal year. Charitable gaming activities include bingos, casinos, pull ticket sales and raffles.

In fiscal 2002, $1.1 billion was deposited to the Alberta Lottery Fund. This amount represents the government's share of revenue from ticket lotteries, slot machines and video lottery terminals (VLTs) which must, as required by legislation, be placed directly into the Alberta Lottery Fund. Approximately 8,000 community-based and not-for-profit initiatives benefit from the Alberta Lottery Fund each year.

Alberta has one of the most progressive liquor industries in the country. This province's privatized liquor retailing model offers consumers some of the lowest prices for liquor products in Canada, a high level of service and a wide selection of products. In fiscal 2002, the Corporation collected more than $492 million in liquor mark-up.

Future Challenges

Much of the work ahead for the Commission follows from the initiatives begun in fiscal 2002. This includes implementing the policy directions from government following from the Gaming Licensing Policy Review.

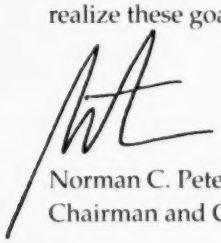
Ensuring that gaming and liquor activities are delivered in a socially responsible manner will continue to be a priority of the Commission.

With the passing of Bill 14, the *Gaming and Liquor Amendment Act*, the Commission will be required to ensure compliance with the Act's provisions. The appropriate gaming and liquor policies must be developed or revised to be consistent with the provisions of the revised legislation.

The Commission will also continue to keep abreast of the emerging issues and developments in the gaming and liquor industries. In this regard, the impact of new technology will be an important focus for the Commission, including the introduction of electronic gaming to licensed bingo facilities and continued research into the regulatory, enforcement, social and economic issues related to the use of the Internet for gaming.

The Commission's relationships with the public and stakeholders will also continue to be important to our work. We will strive to continue improving our services to Albertans and stakeholders. The results from our performance measures, described in this annual report, reflect the importance this organization places upon the services we provide, and reflect the success we have had in providing these services to our stakeholders.

Lastly, I would be remiss if I didn't extend my deep gratitude to the Board and staff of the Commission for their commitment and contributions to the many major initiatives undertaken at the Commission during the fiscal year. Their exemplary commitment and professionalism is a tremendous service to Albertans and the gaming and liquor industries in the province. I am proud of the Commission's many achievements and the commitment by our Board and staff to realize these goals and achievements.



Norman C. Peterson
Chairman and Chief Executive Officer

Organizational Profile

The Alberta Gaming and Liquor Commission is an agent of the Government of Alberta and consists of a Board and a Corporation. The Board is responsible for policy and regulatory matters. The Corporation consists of administrative and operational divisions responsible for the day-to-day functioning of the Corporation.

The responsibilities of the Board are set out in section 12 of the *Gaming and Liquor Act* and include:

- ensuring that the powers and duties of the Commission are appropriately carried out;
- establishing the policies of the Commission;
- conducting hearings and making decisions respecting licences and registrations; and
- any functions assigned to it under any enactment.

Current members of the Board are:

- Mr. Norman C. Peterson, Chairman
- Mr. Douglas Fulford, Board Member and Deputy Chairman
- Mr. Edward Gaudet, Board Member
- Mrs. Patricia Whiting, Board Member

Dr. Robert C. P. Westbury resigned from the Board on March 19, 2002.

The mission, values and core business of the Commission are set out in the Commission's business plan.

Mission

The mission of the Commission is to ensure that gaming and liquor activities in Alberta are conducted with integrity and social responsibility, and to maximize long term economic benefits for Albertans.

Values

The Commission is committed to the following values. It will:

- strive to balance social and economic responsibilities to the people of Alberta;
- act with integrity and in a fair and impartial manner;
- foster clear, open and courteous communications and consult with stakeholders;
- achieve excellence in customer service;
- nurture a working environment that is characterized by teamwork, collaboration, and open communication;
- be an innovative and adaptable organization that focuses on continuous improvement in the effectiveness and efficiency of our services and business processes; and
- be responsible stewards of assets entrusted to us, maintaining our accountability to the Province of Alberta.

Core Businesses

The core businesses of the Commission, established in accordance with the *Gaming and Liquor Act* (Alberta), *Criminal Code* (Canada) and within the policy framework established by the provincial government, are as follows:

1. License and regulate liquor activities.
2. License and regulate charitable gaming activities.
3. Conduct and manage provincial gaming.

Organization Chart

Operational Overview

Chairman and Chief Executive Officer

Responsible for the overall operations of the Alberta Gaming and Liquor Commission and also serves as Chairman of the Board.

Contact: Norman Peterson
Phone: (780) 447-8601
Fax: (780) 447-8950
E-mail: norm.peterson@aglc.gov.ab.ca

Regulatory

Administers the licensing and regulation of liquor premises and gaming facilities, charitable gaming and the registration of liquor agencies, liquor representatives, and gaming workers. Provides specialized enforcement in areas of liquor, gaming and tobacco. Conducts due diligence investigations, performs and coordinates criminal investigations, forensic audits, and confirms eligibility for facility licence applicants and gaming suppliers.

Contact: John LaFlamme
Phone: (780) 447-8705
Fax: (780) 447-7505
E-mail: john.laflamme@aglc.gov.ab.ca

Gaming Products and Services

Provides retailer and consumer services, Hotline, account services, retail network planning, product information and maintenance services for all video lottery terminals, slot machines and ticket lottery terminals.

Contact: Muriel Grimble
Phone: (780) 447-8783
Fax: (780) 447-8929
E-mail: muriel.grimble@aglc.gov.ab.ca

Finance and Administration

Provides services related to business planning, financial and business administration and liquor warehouse administration.

Contact: Ron Crosby
Phone: (780) 447-8659
Fax: (780) 447-8919
E-mail: ron.crosby@aglc.gov.ab.ca

Information Systems

Provides all information and communication technology services to the Commission and Department of Gaming, including operation and support of the video and slot central systems, application development and support, local and wide area networks, telecommunications and data centre operations.

Contact: Brenda Breen
Phone: (780) 447-8615
Fax: (780) 447-8920
E-mail: brenda.breen@aglc.gov.ab.ca

Human Resources

Provides human resource programs and services to the Commission, including recruitment, performance management, benefit administration, continuous learning and employee recognition.

Contact: Karen Egan
Phone: (780) 447-8717
Fax: (780) 447-8918
E-mail: karen.egan@aglc.gov.ab.ca

Five-Year Financial Summary

The net income of the Commission in fiscal 2002 was $1.5 billion compared to $1.1 billion in fiscal 1998. In fiscal 2002, the Commission's gross revenues exceeded budget, the return to charities from charitable gaming activities exceeded the previous year's total, and operating expenses were less than budget.

A summary of gross sales and profits from operations is as follows:

	2002	2001	2000	1999	1998
	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)
Gross Sales	16,963	14,913	12,825	11,179	10,015
Gross Profit					
Liquor	492	468	456	467	449
VLTs	617	575	525	507	518
Slot Machines	322	252	174	112	47
Tickets	166	161	156	151	140
Other	15	13	15	18	15
Operating Expenses	(83)	(70)	(69)	(63)	(61)
Net Income	**1,529**	**1,399**	**1,257**	**1,192**	**1,108**

The Commission is responsible for administering the charitable gaming model in Alberta. Other than a licensing fee to cover the Commission's cost of regulating the industry, all proceeds from charitable gaming activities pass directly to the charity to be used for charitable or religious purposes, in accordance with the provisions of the *Criminal Code* (Canada). A summary of the returns to charities under this model is as follows:

	2002 (estimated)	2001	2000	1999	1998
	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)
Bingos	52	51	55	59	58
Casinos	115	99	77	58	44
Raffles	25	25	24	22	19
Pull Tickets	8	8	9	9	9
	200	**183**	**165**	**148**	**130**

Liquor Operations

The Commission regulates the liquor industry, issues liquor licences, and collects a mark-up from the sale of liquor. The private sector is responsible for all commercial operations relating to the retailing, warehousing and distribution of liquor products.

Liquor Licensing Highlights

($ in thousands)

Licence Class	Licences in Effect March 31 2002	Sales 2002 Spirits	Wine	Coolers & Cider	Beer	Total	Licences in Effect March 31, 2001	Sales 2001 Total
A	5,137	$ 72,155	$ 20,909	$ 10,461	$ 211,030	$ 314,555	5,116	$ 304,499
B	506	1,108	320	230	6,217	7,875	511	7,757
C	769	875	1,190	159	7,471	9,695	759	9,851
D	1,580	366,570	176,799	47,376	452,774	1,043,519	1,531	945,248
E	16	—	—	—	—	—	19	—
*	—	3,098	541	81	265	3,985	—	4,303
	8,008	$ 443,806	$ 199,759	$ 58,307	$ 677,757	$ 1,379,629	7,936	$ 1,271,658

**Includes duty free, diplomat, NATO, sales to other Boards and liquor agencies.*

Class A licences are issued to hotels and other premises open to the public for the sale and consumption of liquor.

Class B licences are issued for the sale and consumption of liquor in premises open to those who have paid an entrance fee, purchased a ticket, or otherwise are entitled to use the facility. Examples include convention centres, racetracks, theatres, and recreational facilities.

Class C licences are issued for the sale and consumption of liquor in premises restricted to members or other specific individuals such as private clubs.

Class D licences are issued primarily to retail outlets and hotels for the sale of liquor to be consumed off the premises.

Class E licences are issued for the manufacture of liquor in Alberta and include licences for brew pubs.

Liquor Products, Retail Network and Mark-up

There are more than 10,300 liquor products available to consumers in Alberta, compared to approximately 3,300 liquor products sold in the province prior to privatization in 1993. The retail network continued to expand throughout the year. During the fiscal year, 61 new retail liquor stores were licensed, while 24 retail liquor stores were closed during the same period. The total number of retail liquor stores reached 863 compared to 826 as at March 31, 2001. In addition to these retail liquor stores, there were 81 general merchandise liquor store premises licensed in the province and more than 500 licences were issued for the general off-sales of liquor products.

Alberta continues to have some of the lowest liquor prices in Canada.

Overall liquor sales volumes have increased by 6.4 percent over the previous year. This compares to an increase of 2 percent in fiscal 2001.

Did you know: *Liquor revenue accounts for over two percent of total provincial revenues.*

The wholesale price of liquor in Alberta comprises the manufacturer's cost, all applicable federal customs and excise duties, beverage container recycling costs, and the Commission's mark-up. The Commission collects all revenue from liquor sales and remits the net revenue to the province. Liquor mark-up totalled more than $492 million in the fiscal year, an increase of $24 million from the previous fiscal year.

The mark-up rates for liquor products were unchanged for the third consecutive year.

Did you know: *There are over 10,000 liquor products available through 944 private retail and general merchandise liquor stores in Alberta.*

	$ Per Litre
Spirits (alcohol content greater than or equal to 22.1%)	$12.50
Spirits (alcohol content less than or equal to 22%)	$ 9.50
Ready to Drink and Cocktails	$ 3.05
Wine (alcohol content greater than or equal to 16.1%)	$ 5.50
Wine (alcohol content less than or equal to 16%)	$ 3.05
Coolers/Ciders	$ 1.25
Beer	
First 50,000 hectolitres	$ 0.50
Next 20,000 hectolitres	$ 0.60
Next 30,000 hectolitres	$ 0.75
Over 100,000 hectolitres	$ 0.88

Subsequent to the year end, mark-ups were adjusted as follows:

	Effective April 5, 2002 $ Per Litre
Spirits (alcohol content greater than or equal to 22.1%)	$ 13.30
Spirits (alcohol content less than or equal to 22%)	$ 9.90
Ready to Drink and Cocktails	$ 4.05
Wine (alcohol content greater than or equal to 16.1%)	$ 6.10
Wine (alcohol content less than or equal to 16%)	$ 3.45
Coolers/Ciders	$ 1.35

The graduated mark-up system for beer, based on production volume, was simplified into two categories from four. The mark-up rate per litre for beer will be:

- $0.40 for products where the manufacturer produces less than 200,000 hectolitres worldwide annually; and
- $0.98 for products where the manufacturer produces more than 200,000 hectolitres worldwide annually.

Liquor Sales by Product Type

	2002							2001
	Sales		Volumes		Gross Profit			Gross Profit
	Domestic	Import	Domestic	Import	Domestic	Import	Total	Total
	($000)	($000)	hectolitres	hectolitres	($000)	($000)	($000)	($000)
Spirits								
Whiskey	120,045	32,746	55,915	11,477	69,439	14,179	83,618	81,435
Vodka	87,834	12,762	43,054	5,743	53,694	7,094	60,788	57,341
Rum	67,187	11,193	31,005	4,738	38,608	5,897	44,505	41,868
Liqueurs	9,109	51,155	4,331	20,450	4,546	21,672	26,218	26,756
Gin	4,565	5,904	2,150	2,568	2,657	3,140	5,797	5,363
Others	8,654	32,652	3,801	14,328	4,133	9,138	13,271	13,601
	297,394	146,412	140,256	59,304	173,077	61,120	234,197	226,364
Wine	44,841	154,919	57,696	140,685	18,440	43,468	61,908	57,110
Coolers/Ciders	50,696	7,611	122,508	16,580	15,323	2,064	17,387	15,571
Beer								
Packaged*	540,849	60,873	1,704,497	207,343	137,971	13,560	151,531	143,476
Draft	69,980	6,054	306,945	15,876	26,709	822	27,531	26,080
	610,829	66,927	2,011,442	223,219	164,680	14,382	179,062	169,556
	1,003,760	375,869	2,331,902	439,788	371,520	121,034	492,554	468,601
Beverage Container and Recycling Costs							—	213
							492,554	468,388

Includes deposit

ALBERTA LOTTERY FUND

Warehousing and Distribution

The Board authorizes operators to warehouse and distribute liquor products in the province. The Board is also responsible for establishing policies for the warehousing and distribution of these liquor products. The Commission has a warehouse administration office at each of the warehouse locations in the province to ensure that the mark-up is collected on all products sold in the province.

The Board has authorized four operators, as agents of the Commission, to warehouse and distribute liquor products in Alberta. The warehouse operators are:

- Connect Logistics — operates a bonded warehouse in St. Albert to warehouse and distribute spirits, wines, coolers, ciders and beer;
- Brewers Distributor Ltd. — warehouses and distributes beer products for Molson and Labatt breweries from Edmonton and Calgary warehouses;
- Big Rock Brewery — manufactures and distributes beer from its plant/warehouse in Calgary; and
- Sleeman Breweries Ltd. — warehouses and distributes its products from a Calgary warehouse.

Container Return Expenses

Under the *Beverage Container Recycling Regulation*, empty beverage containers in Alberta are recovered and recycled rather than landfilled. Beverage manufacturers operate the Alberta Beverage Container Recycling Corporation, which provides a common collection system to recover empty containers from the more than 200 bottle depots located throughout the province.

The entire return and recycling system is coordinated by the Beverage Container Management Board. The Commission participates on the management board and in the common collection system that deals with the recycling of all beverage containers.

Beer made in the province had previously been exempted from the *Beverage Container Recycling Regulation*. That exemption was removed on November 15, 2001. The Alberta Beer Container Corporation was formed to meet responsibilities for collecting and reusing or recycling all beer containers under the Beverage Container Management Board.

Beverage manufacturers pay to operate the return and recycling system based on sales. Recycling costs vary based on the type of container being handled, for example, aluminium, glass, plastic and polycoat. Beverage container recycling costs are included in the Commission's wholesale price of liquor.

Did you know: *The Federal Finance Department announced amendments to the Excise Tax Act excluding deposits from the GST/HST base, effective May 1, 2002.*

Gaming Operations

The integrity of gaming in Alberta is paramount to the Commission and all its stakeholders. These stakeholders include the beneficiaries of gaming revenue, players and the gaming industry. The Commission's policies and compliance activities are aimed at ensuring the integrity and security of gaming operations. The Commission works with stakeholders to ensure games are operated fairly and according to consistently applied rules and procedures.

The Commission also aims to ensure that gaming activities are conducted in a socially responsible manner while providing financial returns to benefit charitable, non-profit, public and community-based projects and initiatives throughout Alberta.

Among its other activities, the Commission:

- licenses eligible charitable organizations to hold gaming events;
- operates central computerized systems for all electronic gaming conducted in the province;
- conducts and manages provincial lotteries including ticket lotteries, slot machines and video lottery terminals (VLTs);
- collects gaming revenue from provincial lotteries;
- works closely with private retailers in maintaining an efficient and effective lotteries distribution network;
- establishes terms and conditions for gaming activities consistent with legislation and policy requirements;
- regulates gaming activities to ensure compliance; and
- regularly reviews and updates the policies and guidelines for gaming activities in consultation with the stakeholders affected by them.

Gaming Licensing Policy Review

"Wise new rules on gambling"

— Edmonton Journal
October 23, 2001 (editorial)

The government adopted, or adopted with revision, the 61 recommendations of the Gaming Licensing Policy Review. These recommendations are aimed at effectively managing the future growth of gaming in the province. Any growth must be well regulated and controlled. The views of the public and stakeholder groups were instrumental to this policy development.

The Commission began the process of implementing the recommendations immediately after the government announced their acceptance in October 2001. During the course of the Gaming Licensing Policy Review, requests to license or approve new casinos, casino expansions, casino relocations, new games and new gaming environments were suspended. The moratorium related to new casinos or casino expansions, including those related to First Nations casinos, was removed on March 1, 2002 after specific casino standards were developed based on the government policy direction. Stakeholders were consulted on these standards prior to their being finalized and placed into policy.

The new policies resulting from the recommendations reflect the government's continued commitment to the charitable gaming model. In this model, the volunteers of eligible charitable groups conduct bingos, casinos, raffles and pull ticket sales to raise funds for their community projects. A number of the new policy initiatives will provide opportunities for bingo to become more competitive in Alberta's gaming industry.

The government also formally approved and adopted guiding principles for gaming. The guiding principles are consistent with legislative and regulatory requirements, and will guide future gaming policy development. These principles are as follows:

- The integrity of gaming will be ensured.
- Gaming policies will reflect a commitment to social responsibility.
- The financial return to eligible groups from charitable gaming is to be maximized for the benefit of charitable and religious groups, the programs or activities they deliver and the communities in which those programs or activities are undertaken.
- Gaming policies will be supported by sound research and consultation with the public stakeholders.
- The collection and use of gaming revenue will be open and accountable.
- Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in the province.
- The guiding principles for gaming will be subject to review, to ensure they reflect Albertans' wishes.

The policies adopted by the government and the full report of the Gaming Licensing Policy Review are available on the Commission's website, www.aglc.gov.ab.ca.

Developments in Bingo

In response to recommendations from the Bingo Review Committee report of September 1999, the Commission has worked closely with the bingo industry to implement a number of new policies, including:

- Bingo associations will now have much more flexibility in scheduling bingo events. Each association is allowed a number of events which they can hold whenever they feel appropriate based on market conditions.
- Bingo game prizes may be seeded: a certain amount of revenue may be drawn from an overall bingo event to seed the prizes.
- Up to five progressive bingo games are now allowed per event, compared to only two before.

The Commission will consult with bingo stakeholders about implementing the government's gaming policy directions respecting bingo that were announced in October 2001. These policies will give bingo stakeholders additional flexibility and opportunities in the delivery of bingo events.

These opportunities include:

- Give bingo licensees the flexibility to develop unique, competitive bingo programs subject to the guiding principles for gaming and the requirement that charities obtain a guaranteed minimum return from bingo events.
- Allow hand-held electronic bingo and keno to be introduced, as provincial lotteries, to licensed bingo facilities as a way to generate additional proceeds for charities.
- Allow licensed bingo facilities to introduce other electronic bingo gaming devices that offer bingo-theme games provided the devices are used to participate in the live bingo events.
- Require a licensed bingo facility that offers electronic gaming devices with a bingo theme, other than hand-held electronic bingo and keno, to meet specific, higher facility standards.
- Give all eligible charities equitable, fair access to bingo events (and the resulting proceeds) in a licensed bingo facility that offers an electronic gaming device that provides both electronic bingo and other bingo-theme games.
- Allow bingo facility licensees the option of hiring additional staff to deliver a consistent level of service to bingo players. The licensed charities must continue to fill key (financial) positions in bingo and meet guaranteed minimum returns from bingo events.
- Allow bingo facility licensees the option of having a private operator become directly involved in delivering bingo to players to encourage higher facility and service standards.

Provincial Lotteries Highlights

At March 31, 2002, there were 5,967 video lottery terminals (VLTs) operating in 1,272 age-controlled licensed premises across Alberta. There were also 5,305 slot machines in 16 charitable casinos and two racing entertainment centres, and 2,060 lottery ticket retailers.

Did you know: *All gaming revenue from VLTs, slots and ticket lotteries is placed in the Alberta Lottery Fund.*

A summary of the number of electronic gaming devices, retailers and their locations as at March 31, 2002 is as follows:

	Number of Video Lottery Terminals	Number of Video Lottery Terminal Locations	Number of Slots	Number of Charitable Casinos and Racing Entertainment Centres	Number of Ticket Lottery Terminals	Number of Ticket Lottery Locations
Calgary	1,251	261	1,586	5	556	546
Edmonton	1,181	243	2,352	5	492	485
Other Cities	1,169	232	1,247	7	307	305
Towns	1,624	348	—	—	483	483
Other Communities	742	188	120	1	244	241
	5,967	**1,272**	**5,305**	**18**	**2,082**	**2,060**

Video Lottery Operations

In fiscal 2002, the government's share of revenues from VLTs was $617 million, an increase of $42 million from the previous fiscal year. The government's share of the revenue is placed in the Alberta Lottery Fund and used for specified charitable, non-profit, public and community-based initiatives and projects. During the fiscal year, VLT operators earned commissions of $110 million, compared to $103 million in the previous year.

The number of VLTs in operation in Alberta is set at a maximum of 6,000. The government committed to maintaining this maximum number following the Gaming Licensing Policy Review.

Did you know: *VLTs are only located in Class A Minors Restricted facilities, such as bars and lounges.*

The government adopted a policy, following the Gaming Licensing Policy Review, in which a multiple room facility may consolidate from 15 to 25 VLTs into one 'gaming entertainment room', subject to various conditions. These conditions include meeting higher facility standards in order to qualify for a gaming entertainment room. The Commission began to implement this policy in the fiscal year. This policy, along with the policy to increase the maximum number of VLTs allowed in a licensed premise from 7 to 10, will reduce the number of locations offering VLTs in the province over the long term. These policies are consistent with the views of Albertans to reduce access to VLTs.

Both the central VLT system, which monitors the VLT network in the province, and VLTs will be replaced over the next few years, beginning in 2002. This replacement of systems and equipment is primarily due to terminal age and obsolescence. Key considerations in arriving at the

decision to replace the system and machines relate to the integrity of gaming, the entertainment value for players and the incorporation of responsible gaming features in the new terminals.

Casinos

There were 16 casinos and 2 racing entertainment centres in Alberta, with a total of 5,305 slot machines as at March 31, 2002.

In fiscal 2002, charities received an estimated total of $115 million from slot machines and table games under their charitable gaming licences, compared to $99 million the previous year. Casino facility operators earned approximately $67 million in commissions on slot machine revenues, compared to $63 million earned in the previous year. The Commission remitted $322 million in revenue from slot machines to the Alberta Lottery Fund compared to $252 million in the previous fiscal year.

During the fiscal year, the government approved policies to give communities a more prominent role in determining whether casinos are introduced or expanded in their communities. The policies were based on the recommendations from the Gaming Licensing Policy Review. The government's moratorium on new or expanded casinos, including First Nations casinos, was removed on March 1, 2002, after the Commission, with stakeholder input, developed specific standards and processes for new casino development, based on the policy direction from government. The application process for new casinos includes the following eight steps:

- **Step One** An interested group or individual expresses formal interest to develop a casino in a community.
- **Step Two** The AGLC issues a notice of expressed interest for a traditional casino facility or First Nation casino facility, as the case may be, determined by the location of the community where a formal interest has been expressed to develop a casino facility. The AGLC will place an advertisement in a local newspaper advising interested parties that the AGLC will accept expressions of interest from other groups or individuals for this casino facility licence. This process allows all interested parties in a specified market area an opportunity to make an application for a casino facility licence in that particular area and be considered at the same time as the original applicant. The AGLC will advise all municipal and band councils in the surrounding community of the interest in the proposed casino facility.

- **Step Three** The AGLC will conduct an initial assessment to determine if the responses have merit and meet basic criteria related to market demand and benefit to charitable groups. At this stage in the process, the AGLC does not require municipal land use, zoning and development approval for an expression of interest to be deemed valid. Applicants are expected to defer seeking appropriate municipal approvals until advised in writing by the AGLC.
- **Step Four** The Board of the AGLC will consider community support, or the lack thereof, as expressed through the municipal or band council and may conclude the process if in the Board's view the council does not support the concept of a new casino facility in the community. If the council is silent and there is no demonstrated opposition to the concept of a new casino in the community, the Board, at its discretion, may decide to continue the application process.
- **Step Five** The AGLC will accept detailed proposals from applicants who have expressed interest in the development of a new casino facility in the community under consideration. The proposals must include a business plan and community impact statement, and applicants are required to issue a public notice of their application for a casino facility licence. The AGLC will advise all councils in the surrounding community of any proposals received from applicants.
- **Step Six** Proposals will be evaluated by a selection committee using stringent criteria and the best proposal will be selected.
- **Step Seven** A thorough due diligence investigation is conducted into the proponents and other key persons associated with the selected proposal.
- **Step Eight** If all requirements for a gaming facility are met (federal and provincial legislation, regulation and policies, and municipal requirements, permits, licences or authorizations) the AGLC will make a recommendation to the Board respecting the issuance of a casino facility licence to the successful applicant.

The application or review process for new casinos provides a level playing field for applicants and ensures the growth of gaming is well regulated and controlled.

The Commission developed a new system called CasinoTrack for automating the collection of table game data from casinos. This system dramatically simplifies the reporting requirements of licensed charities holding casinos.

In response to player demand for quality gaming environments, Edmonton's Palace Casino completed a major renovation and expansion in August 2001. They are now fully developed on two levels, which doubled the square footage from about 30,000 sq. ft. to about 60,000 sq. ft. The upper level features fine dining and the Grand Hall slot area with a skylight covering. The lower level has a New York style deli and a stage and lounge area where entertainment is offered nightly. In response to player demand from the new and improved facilities, the Commission increased the number of slots at the Palace Casino from 277 to 672.

A number of other casinos also improved their facilities in the year. These upgrades had been approved prior to the moratorium on casino expansion put in place in December 1999.

The Commission regularly updates or changes slot games to give players a variety of play experience. During the year, 237 different slot machine game themes were offered in Alberta's casinos and racing entertainment centres. Games such as Diamond Thief, Bonus Wild Cherry Pie and Double Diamond Mine were phased out or reduced in number to make way for games like Shooting Gallery, Triple Cash Winfall and Run for Your Money. Other game changes involved a reduction in the games Filthy Rich, Top Banana and Jackpot Party in order to introduce the games Love to Win, Hot Toppings and Leprechaun's Gold.

In the previous fiscal year, 28 lease slot games with copyrighted themes were introduced as a test in 7 casino facilities. These lease slot games, which are extremely popular with slot players, included Monopoly with Chairman of the Board and Once Around themes, and Wheel of Fortune with Double Diamond and Five Times Pay themes. The number of lease games made available to players was expanded in fiscal 2002. A number of the more popular slots are now only available by lease.

Local and wide area progressives also continued to be popular with slot players. These progressives pool a portion of each wager from several slot machines in one or more casinos into a cumulative jackpot fund. A new progressive, Power Poker, was introduced in five locations during the fiscal year. The largest single slot prize, more than $713,000, was won on a progressive slot machine at Casino Vanshaw in Medicine Hat.

Merchandise prizes such as new vehicles are offered at many casinos throughout North America. These are popular jackpot prizes. Two Edmonton casinos, Yellowhead Casino and Palace Casino, provided new vehicles as prizes during the fiscal year.

Ticket Lottery Operations

Gross revenue from ticket lottery sales increased to over $407 million in fiscal 2002 from $394 million in fiscal 2001. Retailers earned commissions of $28 million, compared to $27 million in the previous year. Albertans won ticket lottery prizes amounting to about $205 million, compared to $198 million in the previous year. Twelve Albertans each won more than $1 million; the largest prize won by an Albertan during the fiscal year was $6 million.

The Commission received net revenue of $166 million from ticket lotteries, an increase of $5 million over fiscal 2001. These revenues are placed in the Alberta Lottery Fund.

The ticket lottery network, operated in partnership with the Western Canada Lottery Corporation, markets lottery tickets such as Lotto 6/49, Western 6/49, Super 7, Sport Select and instant tickets. The network includes approximately 2,060 retail sites across the province. Among the retailers in the network are national corporate chains as well as independently operated retail outlets.

Breakaway to Win, a $10 instant ticket, was successfully introduced in Alberta in January 2002. The net proceeds from this ticket were placed in the Alberta Lottery Fund. These funds were then paid to the Calgary Flames and Edmonton Oilers hockey teams. The teams are responsible to cover the costs of marketing and production of the instant ticket. The instant ticket is expected to be offered twice a year and is expected to generate approximately $1.5 million annually for each team after the recovery of costs. A key consideration in the development and design of the ticket was that it not negatively impact the sales of traditional ticket lotteries.

Sales by Ticket Lottery Product

($ in thousands)	2002	2001
Lotto 6/49	$ 135,466	$ 137,427
Instant	95,519	97,304
Super 7	46,342	43,118
The Plus	43,609	42,009
Sport Select	37,422	34,849
Western 6/49	21,129	20,070
Extra	11,956	10,886
Pick 3	8,923	8,242
Breakaway to Win	3,693	—
Special Event	3,065	—
	$ 407,124	$ 393,905

During fiscal 2002, the Commission provided 286 ticket lottery training classes for ticket lottery retailers from 418 retail locations throughout the province. The training classes focus on the operation of the equipment and were held either at the retailers' locations or AGLC offices. The Commission also conducted 73 train-the-trainer classes for corporate ticket lottery operators.

Major Exhibition Summer Fairs

In fiscal 2002, summer fairs and exhibitions earned $1.3 million in commissions from slot machines and $1.1 million from table games. Summer fairs provide entertainment to Albertans and are a revenue source for agricultural societies in the province. Each year the Commission approves temporary casinos at summer fairs that include both table games and slot machines. Those fairs that featured temporary licensed casinos included the Calgary Stampede and Edmonton Klondike Days, each of which operated more than 350 slot machines at the casinos on their exhibition grounds. Other major exhibitions which operated temporary casinos included those in Medicine Hat (52 slots), Red Deer (75 slots) and Camrose (100 slots). Grande Prairie operated 50 slots only during live racing.

First Nations Gaming Policy

"This agreement is the culmination of years of discussion and dialogue between the government and Alberta First Nations. It is also the first major economic agreement secured collectively by First Nations, with either the provincial or federal government."

— Ron Morin, Chief of the Enoch Cree Nation and Interim Chair of the Alberta First Nations Gaming Association January 2001

The government announced the First Nations Gaming Policy on January 19, 2001. The policy is consistent with the province's Aboriginal Policy Framework and its aim is to develop sustainable economies and self-reliant First Nations people and communities.

Standards related to the licensing of new First Nations casinos were developed as part of the Gaming Licensing Policy Review and took effect in March 2002. These standards were based on the policy directions provided by government following the gaming licensing policy review. The specific standards and terms and conditions were developed by the Commission and were the subject of extensive stakeholder consultations in their development.

First Nations on-reserve casinos must operate and be regulated under the specific terms and conditions developed by the Commission. The province's proceeds from the on-reserve casinos will be deposited in the Alberta Lottery Fund and used for traditional lottery programs and a new First Nations Development Fund.

Beneficiaries of Gaming Revenue

Thousands of not-for-profit community organizations, projects and initiatives in the province benefit from gaming revenue each year. This revenue is obtained either from licensed charitable gaming activities conducted by eligible charities or through disbursements from the Alberta Lottery Fund.

Charitable Gaming

Under the *Criminal Code* (Canada), gaming activities may be conducted and managed by charitable or religious groups that obtain the appropriate licence from the provincial gaming authority. In Alberta that authority is the Alberta Gaming and Liquor Commission. The *Criminal Code* also requires that the proceeds from such gaming activities be used for charitable or religious purposes.

More than $200 million was returned to charitable and religious organizations in 2001 – 2002 through proceeds from licensed gaming activities, under Alberta's unique charitable gaming model.

Alberta has adopted the charitable model for operating casinos, bingos, raffles and pull-tickets. Under the province's charitable model, eligible charitable or religious groups may apply to the Commission for a licence to conduct these gaming activities. To be eligible for a licence, the group must deliver a program or service providing benefit to a significant segment of the community. The proceeds from the gaming activities must be used for charitable or religious purposes as defined by the *Criminal Code (Canada)*. Such purposes include providing relief to the aged or disadvantaged, to advance education and learning, and to provide help to the community.

The charities that are licensed to conduct gaming activities benefit directly from the proceeds raised from these gaming activities.

Charitable gaming proceeds are used to support competitive amateur sport, such as minor hockey and swimming, which keep young athletes active and involved in their communities (organizations that exclusively support adult sport activities are not considered charitable activities and are therefore ineligible for gaming licences). Proceeds from gaming are earned by service clubs to provide donations to worthwhile initiatives in their respective communities. Agricultural societies raise proceeds for youth education programs and clubs. Community leagues and organizations earn gaming proceeds to support community facilities used by youth and adults. Funds are raised to enhance educational services through the purchase of special learning or athletic equipment. These funds may also be used to support medical research or assist with medical treatment programs.

Did you know: *Returns to charities holding casino events have more than quadrupled since 1996 – 1997, from $27.8 million to $114.8 million in 2001 – 2002.*

More than 6,000 gaming licences were issued to eligible charitable and religious organizations in fiscal 2002. About half of those licences were issued to charitable and religious organizations holding bingo events in bingo association halls across the province. Approximately 2,700 licences were issued to organizations holding casino events in the 16 charitable casino facilities in the province. The remaining licences were issued for raffles with total ticket sales of over $10,000 and pull ticket sales.

A summary of the number of licences, revenues and net profits to charities is as follows:

	Fiscal 2002 (Estimated)						Fiscal 2001
	Licences	Total Gross	Prizes/ Winnings	Expenses	Slot Machines	Net Profit to Charity	Net Profit to Charity
		($ millions)	($ millions)	($ millions)	($ millions)	($ millions)	($ millions)
Bingos	2,428	288.0	185.5	50.8	—	51.7	50.2
Casinos	2,743	632.5	512.6	72.1	67.1	114.8	99.1
Pull Tickets	611	40.9	30.7	1.9	—	8.4	8.4
Raffles	295	77.9	34.5	18.0	—	25.4	25.4
	6,077	1,039.3	763.3	142.8	67.1	200.3	183.1

None of the proceeds from casino table games, bingo, raffles and pull-ticket gaming activities accrue to the Commission. The Commission collects only a small licence fee from those activities.

The Commission is currently reviewing the eligibility and use of proceeds requirements for charitable gaming. The aim of the review is to ensure that current policies are fair, equitable and applied consistently to all charitable organizations.

Alberta Lottery Fund

Did you know: *The Alberta Lottery Fund is the provincial government's share of revenue from provincial lotteries (slot machines, ticket lotteries and VLTs). Alberta Lottery Fund revenue for fiscal 2002 is over $1.1 billion.*

The Commission administers the Alberta Lottery Fund under the provisions of the *Gaming and Liquor Act*. The fund consists of the government's share of revenue generated from ticket lotteries, slot machines and video lottery terminals (VLTs). Alberta's lottery profits are collected by the Commission and deposited into the Alberta Lottery Fund. In fiscal 2002, lotteries generated over $1.1 billion for the Alberta Lottery Fund, compared to $987 million in the previous year.

Alberta Lottery Fund revenues are allocated to public initiatives, programs and foundations that are identified in the government's business planning process and approved by the provincial legislature. Lottery funds are disbursed to projects and initiatives through programs and foundations, according to their respective mandates. This process allows for lottery dollars to be directed back to benefit Alberta communities.

ALBERTA
LOTTERY FUND

The Alberta Lottery Fund supports more than 8,000 charitable, not-for-profit, public and community-based initiatives. These include community facilities, libraries, museums, sports and athletic events, agricultural societies, major exhibitions, arts and cultural groups, wildlife and conservation projects, public athletic facilities, seniors' groups, recreation, tourism and historical resources.

Key foundations and grant programs also receive lottery funding. These include the Alberta Foundation for the Arts; the Alberta Sport, Recreation, Parks and Wildlife Foundation; the Wild Rose Foundation; the Alberta Historical Resources Foundation; and the Alberta Human Rights, Citizenship and Multiculturalism Education Fund. These foundations, administered through Alberta Community Development, reinvest lottery revenues to support Alberta's volunteers and communities.

Alberta Gaming administers two key grant programs funded by the Alberta Lottery Fund. They are the Community Facility Enhancement Program (CFEP) and the Community Lottery Board (CLB) Grant Program. The government announced the CLB grant program would be discontinued after fiscal 2002 as a fiscal restraint measure. These funds will be reallocated to meet Alberta's priorities in areas including health and education. The government announced the funding to the other foundations and lottery-funded programs is planned to increase to $100 million in April 2003. This increase includes an additional $9 million to the various foundations, and an additional $13.5 million to the Community Facility Enhancement Program.

Did you know: *Funding of $1.5 million per year is provided by the Alberta Lottery Fund to the Alberta Gaming Research Institute to support and promote research into gaming in Alberta.*

The Alberta Lottery Fund supports special projects and initiatives administered by various other government ministries. This funding is over and above annual ministry budgets and is used for things such as state-of-the-art medical equipment, infrastructure projects, school renewal and construction, community facility upgrades, and health facility construction and strategic research.

The net revenue that may be generated from slot machines located in on-reserve casinos that may be built in the province will be placed in the Alberta Lottery Fund. Under the First Nations Gaming policy announced in January 2001, a portion of the net revenue will be allocated to a new First Nations Development Fund. The new fund will be available to First Nations to support economic, social and community development projects, including addictions programs, and those related to education, health and infrastructure.

Alberta Lottery Fund Commitments for fiscal 2003 appear on page 64 of this report. For a listing of lottery-funded organizations, please visit the Commission website, www.aglc.gov.ab.ca.

Stakeholders

Each year the Commission works and consults with gaming and liquor stakeholders on a variety of common issues and policy matters. Among its activities in this regard, the Commission consulted with numerous stakeholders during its major review of gaming licensing policies in fiscal 2001 and 2002.

Did you know: *The Commission considers the needs and views of Albertans in the development of gaming and liquor policies.*

Public at Large

The Commission is committed to ensuring that it is accountable to Albertans, its activities are transparent, and the needs and views of Albertans are considered in the development of gaming and liquor policies.

The Commission actively disseminates information and responds to questions from the public related to gaming or liquor revenue, policy, and the process to become involved in the gaming and liquor industries.

For this purpose, the Commission continued to improve its website, www.aglc.gov.ab.ca, to ensure that it provides useful and up-to-date information regarding gaming and liquor matters. The website was completely upgraded in fiscal 2002. The site's content includes various reports, the Commission's quarterly updates, terms and conditions for licensees, and frequently asked questions (FAQs). The website contains information for retailers and service providers such as how to obtain a liquor licence, or apply for a gaming licence, and downloading or obtaining the necessary forms for this purpose. The site allows users to search specific disciplinary decisions of the Commission's Board.

Charities

Charitable organizations throughout Alberta are key stakeholders in the province's gaming industry. Thousands of charitable organizations obtained gaming licences during the year to conduct charitable gaming activities to raise funds for their community projects. In addition, thousands of charitable and non-profit community initiatives and projects are funded through the Alberta Lottery Fund.

The Commission values the views of charitable organizations in the development of gaming policies. These views are obtained through consultations with charitable organizations.

Gaming Stakeholders

The number of stakeholders in gaming reflects the breadth and scope of the gaming industry in the province, and the diversity of interests that are involved in this industry.

These stakeholders include the thousands of charitable and not-for-profit organizations across Alberta that obtain gaming licences from the Commission to raise funds for their charitable and community-based projects.

Stakeholders directly involved in the gaming industry include operators and retailers of gaming activities. Many of them are represented by industry associations such as the Federation of Alberta Bingo Associations, the Bingo Hall Managers Association of Alberta, the Registered Casino Advisors Association, the Alberta Hotel and Lodging Association, the Alberta Restaurant and Food Services Association, and the Alberta Gaming Industry Association.

Members of the horse racing industry, including racing entertainment centre operators and the Alberta Racing Corporation, are also important gaming industry stakeholders.

During the Gaming Licensing Policy Review, the public, the gaming industry, municipalities, First Nations, law enforcement agencies, charitable organizations, and other stakeholders provided input into Alberta's gaming licensing policies.

Municipal

Municipalities and police agencies are key stakeholders in the gaming and liquor industries. Commission staff are in regular contact with municipal officials who grant permits or licences to businesses that intend to operate liquor or gaming facilities.

Commission staff work extensively with the RCMP and municipal police services in Alberta on enforcement matters related to criminal activities and liquor, gaming, and tobacco tax violations. Strong working relationships with police have helped to successfully conclude investigations into matters of common concern. To build on such success during the fiscal year, the Gaming Investigation Team was established; the team is a partnership of the Commission and police agencies throughout the province.

Liquor Stakeholders

Liquor industry stakeholders include liquor retailers, suppliers and warehouse operators.

Representative organizations in the liquor industry include the Alberta Liquor Store Association, the Alberta Hotel and Lodging Association, the Alberta Restaurant & Food Services Association, the Beverage Alcohol Importers Advisory Council of Alberta, the Association of Canadian Distillers, the Canadian Wine Institute, and the Western Brewers Association.

The Alberta Liquor Industry Roundtable (ALIRT) is a forum for industry members to discuss issues facing the beverage alcohol industry in Alberta. Members of the roundtable include the representative organizations identified above, as well as Connect Logistics and the Canadian Council of Regional Brewers. The Commission regularly attended and participated in meetings of ALIRT in fiscal 2002.

Alberta Alcohol and Drug Abuse Commission (AADAC)

Did you know: *Twenty-five funded agencies in forty communities throughout Alberta provide treatment facilities for resident and outpatient counseling.*

AADAC is an important stakeholder in Alberta's gaming and liquor industries. The Alberta Gaming and Liquor Commission works closely with AADAC on a number of important initiatives, including:

- A mandatory responsible gaming awareness training program for VLT retailers and casino operators.
- Deal Us In Program designed to make casino staff aware of problem gambling, and to incorporate both awareness information and approaches to intervention for management staff.
- Booklets and pamphlets dealing with alcohol, drugs and gambling addiction awareness (Walk the Walk video and Quick Facts About Alcohol, Other Drugs and Gambling).

Did you know: *The AGLC works closely with AADAC in promoting problem gambling education, prevention and treatment services (i.e., community outreach programs delivering information sessions in schools and workplaces).*

Currently, AADAC is developing a survey of grade 7 to 12 students to examine alcohol, drug, and gambling use among Alberta adolescents. AADAC is being guided by an Advisory Committee with representatives from the education field, the Alberta School Boards Association, and 6 government departments including Alberta Gaming. It is expected that the survey will be conducted in the fall of 2002 and that the research results will be available in the spring of 2003.

Freedom of Information and Protection of Privacy

The Commission continues to operate within the provisions of the *Freedom of Information and Protection of Privacy Act* (FOIP Act) in all areas, including response to access requests, collection, use, and disclosure of information. In fiscal 2002, the Commission received and processed eight requests for access to information under the FOIP Act. Four requests were received from elected officials, three from the general public and one from business/commercial interests. The Commission also responds informally to many requests for access to information outside this legislation and maintains a website providing information to Albertans about the gaming and liquor industries.

Social Responsibility

Regulating gaming and liquor services helps not only to preserve the integrity of these activities, but allows the Commission to ensure that various social responsibility requirements set out in legislation, regulation or policy are being met by licensees and the public. The Commission demonstrates its commitment to social responsibility through its continued involvement in programs and activities related to responsible gaming and the responsible use of alcohol products.

"Per capita alcohol consumption in Alberta has declined by about 20% and the number of impaired driving charges has declined by a third."

— Don Martin, National Post
February 27, 2002

In cooperation with the Alberta Alcohol and Drug Abuse Commission (AADAC), the Commission introduced mandatory responsible gaming awareness training for VLT retailers and casino operators in fiscal 2002. The government's policy direction for socially responsible gaming is based on recommendations from the Gaming Licensing Policy Review, and builds upon programs developed in previous years.

The Responsible Gaming Program consists of two mandatory components and two voluntary ones. Mandatory components include the use of a problem gambling video to increase the awareness of VLT retailer and casino staff to problem gambling, and the posting of problem gambling signs or information as requested by the Commission. The voluntary components include providing a server intervention product, such as matchbooks with an AADAC problem gambling message and help line information, and attending an annual consultation meeting involving AADAC, the Commission, and gaming retailers or operators.

Retailers who participate in all four components of the program will receive AADAC and Commission awards for their participation in the program. Awards will include an advertisement in the local newspaper and a wall plaque. These tangible rewards are aimed at publicly reinforcing the commitment of retailers and the Alberta Gaming and Liquor Commission to responsible gaming. The province's 1,272 VLT retailers will have the opportunity to participate in instructional sessions on the new program early in, and throughout, fiscal 2003.

All licensed gaming facilities or gaming venues continued to display posters and provide other information about prevention and treatment programs for problem gambling. Information about AADAC's 24-hour problem gambling help-line is displayed or made available in casinos, bingo halls, VLT retailer locations and ticket lottery retail outlets throughout the province.

During the fiscal year, casino operators continued to have their new staff participate in the Deal Us In Program. This program consists of a component for all casino staff, designed to help make them aware of problem gambling issues. A management staff component incorporates both awareness information and approaches for intervention.

The Commission continued to cooperate with AADAC in producing booklets, pamphlets and periodicals on a variety of other topics including quick facts about alcohol, drugs and gambling, and addictions awareness. The Commission also cooperated with AADAC in the development and implementation of treatment programs for problem gamblers.

Did you know: *The Commission participates in programs to discourage minors from attempting to purchase liquor.*

In consultation with the Alberta Liquor Industry Roundtable (ALIRT) and Canadian Association of Liquor Jurisdictions (CALJ), the Commission participated in a program to discourage minors from attempting to purchase liquor for off-premises consumption. All Class D Retail Liquor Stores were provided a poster for display in their premises. The posters alert minors that the liquor store routinely checks identification to ensure purchasers are of legal age.

Liquor licensees who serve liquor to minors, those under 18 years of age, face penalties up to and including licence suspension or cancellation. The Commission's inspectors work closely with police services to detect and report violations in liquor licensed premises, including over service of liquor and liquor service to minors, among other violations.

The Commission actively encourages liquor licensees and manufacturers to promote the responsible use of alcohol in their promotions or advertising of liquor products and services. The Commission continues to participate in the Alberta Partnership on Fetal Alcohol Syndrome, which is a provincial group comprised of stakeholders that examine ways to reduce the incidence of fetal alcohol syndrome in children.

The Commission worked with AADAC and casino facility operators to continue the successful Casino Voluntary Self-Exclusion Program, which was initiated in September 2000. Under this program individuals voluntarily consent to be denied entry to any casino in Alberta. During the fiscal year 423 people registered in the program.

Compliance

The Commission's compliance activities are aimed at maintaining the integrity and security of the gaming and liquor industries within the province.

The Regulatory Division is primarily responsible for enforcing the regulations and policies related to liquor and gaming activities. Its activities include keeping clients and stakeholders informed about regulatory requirements in the liquor and gaming industries. For that purpose, the Commission regularly publishes and updates policy and guideline manuals for liquor retailers and gaming service providers.

In fiscal 2002, Commission staff met with numerous charities applying for charitable gaming event licences and with those interested in becoming part of the gaming or liquor industries. These meetings are part of a regular series of meetings with operators and retailers to address issues or concerns or to explain new or revised gaming policies.

Initiatives

Legislation Review

The Minister of Gaming introduced Bill 14, the *Gaming and Liquor Amendment Act* in the Spring 2002 session of the Legislature. In addition to this change in legislation, a number of changes were also proposed to the *Gaming and Liquor Regulation*. Both the legislative and regulatory amendments were put in force on June 25, 2002.

The amendments follow from a review, initiated by the Commission, of the *Gaming and Liquor Act* and the *Gaming and Liquor Regulation* in September 2000. The purpose of the review was to determine what improvements were required in the legislation enacted in July 1996. The review of both the legislation and regulation was necessary to determine whether the provisions of the act and regulation continue to be relevant, necessary and sufficient for the Commission to effectively carry out its mandate.

A legislative review committee was formed involving all areas of the Commission and legal counsel from Alberta Justice to conduct the review. Areas examined include those related to Commission authority and jurisdiction and the ability and authority of the Commission to effectively deal with compliance matters related to gaming activities.

Stakeholders were consulted regarding the recommended amendments. The Board of the Commission approved the recommended amendments, which were forwarded to the government.

Did you know: *Bill 14, the Gaming and Liquor Amendment Act, incorporated changes that will help to ensure the continuing integrity of gaming and liquor activities in Alberta.*

The amendment will ensure that the legislation reflects current industry practices, and remains relevant and necessary.

Eligibility and Use of Proceeds Policies

Under the *Criminal Code* (Canada) only charitable or religious organizations that use gaming proceeds for charitable or religious purposes may be licensed by the provincial gaming authorities to conduct gaming events. The *Criminal Code* does not define "charitable." For that purpose, gaming authorities rely on the common law definition. The *Criminal Code* (Canada) permits each province to establish eligibility policy to qualify groups for a gaming licence, and to establish policy on how eligible groups may use gaming proceeds to advance their charitable purposes. In establishing such policy, each province may use a definition of charitable that is more restrictive than the common law definition, but cannot legally use a definition that goes beyond the common law definition.

The policies determining the eligibility of groups for charitable gaming licences and the use of the proceeds from gaming activities has evolved over a number of years and requires updating. In this regard, stakeholders will be consulted in the 2003 fiscal year about a package of revised draft policies prior to their implementation in fiscal 2004.

The aim of the review of these policies is to enhance consistency, fairness, clarity and transparency in processing charitable gaming licence applications and the proposed use of proceeds.

New Gaming Licensing Policies

The Regulatory Division began to implement a number of the gaming licensing policies approved by the government in October 2001. Implementation activities included working with the Gaming Products and Services Division to develop specific gaming activity standards, including those related to charitable gaming activities such as casinos. The Commission will consult with stakeholders as the various draft standards are completed based on the policy direction approved by the government. The consultations will continue in fiscal 2003 as the standards continue to be developed in the various areas addressed by the new policy directions.

Inspection Activities

Commission staff continued to visit liquor and gaming establishments to ensure they are meeting the requirements of the *Gaming and Liquor Act*, Regulation and Board policy.

In fiscal 2002, the Commission conducted 3,132 investigations into complaints received from the general public and industry stakeholders. There were also more than 18,000 inspections of licensed premises conducted by Commission staff during the fiscal year.

The Commission conducted security reviews of all individuals applying to be registered as gaming workers. No fee is required of registered gaming workers. In the fiscal year 4,910 gaming workers were registered, compared to 4,897 the previous year.

Investigations

The Commission established a Gaming Investigation Team in the fiscal period. This is a joint forces initiative funded by the Commission that creates partnerships with all major police agencies in the province.

At the end of the fiscal year, the police agency participants were the Edmonton Police Service, Calgary Police Service, Lethbridge Police Service, Medicine Hat Police Service, and Criminal Intelligence Service Alberta (CISA). Discussions have been held with the RCMP and the Solicitor General in an effort to include these agencies in the initiative.

The team was established to pursue effective strategies to detect, combat and deter organized crime from gaining a foothold in the gaming industry in Alberta, and to identify and prosecute illegal gaming activities. A Gaming Investigation Team steering committee and an operational working committee were established to lead this initiative.

Steering Committee members include senior managers from all participating agencies and the Director, Investigations Branch of the Regulatory Division. The Steering Committee's role is to provide overall direction to the team. The operational committee, chaired by the Director of the Investigations Branch, will address day-to-day operational issues.

During fiscal 2002, the Investigations Branch handled 1,133 investigations, including 442 criminal investigations. The Division processed 423 casino voluntary self-exclusion applications, investigated 90 incidents of casino voluntary self-exclusion re-entries, and conducted 177 licence/registration investigations. As a result of these investigations, 124 individuals were processed through the courts.

The Commission, through the Investigations Branch, acts as an enforcement agent for Alberta Revenue in the areas of tobacco and fuel tax matters. The Investigations Branch conducted 78 tobacco investigations which resulted in charges against 31 individuals. The branch also conducted 233 compliance visits. Alberta Revenue referred three gas tax matters related to theft and fraud to the Commission for investigation.

The Investigations Branch was involved in 22 liquor-related investigations which resulted in charges against 13 individuals.

Gaming Information Network

Did you know: *The Gaming Information Network is now accommodating 192 users.*

The Commission continued to develop its Gaming Information Network during the fiscal year. The network is a valuable tool for communicating and sharing information related to gaming security and crime prevention among regulatory and enforcement agencies in Alberta and throughout the four western provinces. Network users include Commission staff, major police agencies in Alberta, casino facility licensees in the province, and gaming authorities in British Columbia, Saskatchewan, and Manitoba. Information on the Gaming Information Network includes bulletins regarding casino security, the names of those on the voluntary exclusion program, network contacts, and related Commission forms. Users may also post information on a network message board. A list of gaming workers whose registrations are suspended and cancelled was recently added to the network.

Liquor Related Infractions

Did you know: *All liquor products sold in Alberta must be registered with the AGLC.*

Inspectors and members of police services throughout the province conduct inspections of licensed premises to ensure licensees comply with the *Gaming and Liquor Act*, Regulation, and Board policies. In fiscal 2002, 297 incident reports were prepared. These incident reports dealt with contravention in five main areas:

- *Illegal liquor* — the sale of liquor imported directly from out of the province, or the sale of homemade wine, beer or ciders;
- *Liquor service to minors* — sale of liquor to minors or allowing minors in a minors prohibited premise;
- *Over service* — sale or providing of liquor to intoxicated persons;
- *After hours service* — sale or providing of liquor to patrons after 2 a.m.; and
- *Prohibited relationships between liquor suppliers and licensees* — legislation and policies set out the business practices that are allowed between these two parties.

Forensic Audit

A routine audit program is conducted on gaming stakeholders to ensure compliance with the *Criminal Code* (Canada), the *Gaming and Liquor Act*, Regulation and Commission policies. Forensic Audit provides assistance in financial analysis, theft investigations, due diligence investigations, policy reviews and responding to third-party complaints and stakeholder requests.

During the fiscal year 143 audits were undertaken, 15 more than in the previous year. Ninety audits were concluded. Thirty-seven of the audits resulted from public complaints and referrals from other divisions of the Commission. Nineteen financial due diligence investigations commenced in the fiscal year.

Eighty-four random audits were conducted. The random audits involved the following:

	Number of Audits
Bingo associations	6
Community bingo	1
Casinos	16
Charities	61

Charitable Use of Proceeds

In the interest of accountability and transparency, charities that apply for a gaming licence must state in their application how they propose to use the funds from charitable gaming. The Commission approves applications of eligible charities and not-for-profit organizations if the proposed use of gaming proceeds is for charitable or religious purposes, as required by legislation, regulation and Commission policies.

Licensed charitable or not-for-profit organizations must report to the Commission how their gaming proceeds have been used. If they were used for purposes other than those approved, the Commission will contact the charitable organization to determine the reasons. Depending on the response, the matter may be referred to the Regulatory Division or the organization may be scheduled for an audit.

In addition, each year the Commission conducts random and selected audits of licensed groups that have held charitable gaming activities, to determine whether they have used the proceeds for the purposes set out in their licence application.

Human Resources

The Commission recognizes the value of skilled, dedicated and knowledgeable employees to the delivery of high quality service to Albertans and stakeholders. The Commission is committed to programs that maintain or develop such qualities in its staff, including a desirable work environment.

Through strategic plans, the Commission is able to focus on specific and valued programs. Strategic plans cover areas such as continuous learning, staff succession planning, and employee recognition.

Employee surveys help identify how the Commission may improve its current human resource programs or introduce new ones to address workplace realities or issues. Examples of such programs include: flexible or staggered work hours, internal and external training development, flu immunization, safety awards, and employee recognition programs, among other areas important to employees.

In a recent employee survey conducted this fiscal year, Commission employees expressed a high satisfaction rate with the AGLC as an employer, and a high satisfaction rate with the work environment. As a result, over the last several years we have seen a significant increase in employee morale and a continuing low staff turnover rate. With the ongoing input of its employees, the Commission will continue to work in fiscal 2003 to ensure its human resource programs continue to be valuable and meaningful to employees.

Performance Measures

As an agent of the Government of Alberta, the AGLC works to achieve the vision of the Ministry.

The Vision of the Alberta Gaming and Liquor Commission is:

"A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenues derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced services in its liquor and gaming industries."

The mission of the Alberta Gaming and Liquor Commission is:

"To ensure that gaming and liquor activities in Alberta are conducted with integrity and social responsibility and to maximize long term economic benefits for Albertans."

Results Achieved

April 1, 2001 – March 31, 2002

The AGLC is committed to providing superior service to its stakeholders, partners and to the public, and to carrying out its responsibilities transparently and efficiently. This commitment is evident in the results achieved for the performance measures with the majority of the results exceeding the targets.

Core Business #1

License and regulate liquor activities

The AGLC licenses, registers, regulates and monitors all liquor activities in the province according to the *Gaming and Liquor Act* and Regulation, other provincial and federal legislation, and AGLC policies.

Goal

Develop liquor policy and conduct licensing activities in accordance with the *Gaming and Liquor Act* and Regulation.

The importation, distribution, sale and consumption of liquor products are conducted according to legislation and policy.

Performance Measure	Target	Result
Licensees comply with legislation, regulations and policy.	85%	98%
Percentage of licences and registrations approved within established timeframes.	95%	99.8%
Percentage of liquor industry clients who are satisfied with level of services provided by AGLC.	Establish baseline	95%

About the Results

Compliance with legislation, regulations and policy

Key Results

The Regulatory Division of the AGLC is responsible for conducting inspections of licensed liquor premises in Alberta to ensure licensees are complying with legislation, regulations and policy.

Inspectors complete an Inspection Report for each inspection conducted. If a significant violation, which would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation or Board policy is identified, an incident report is prepared and the matter is referred to the Board of the AGLC. Compliance is not met if there is an incident report. In 2001 – 2002, the Alberta Gaming and Liquor Commission conducted 15,430 liquor inspections and 247 incident reports were generated, resulting in 98% compliance.

Licences and registrations approved within established timeframes

Key Results

The AGLC is committed to providing superior service to its stakeholders, partners, and to the public. For the purpose of this performance measure, service is measured by means of meeting response time targets to customers applying for licences and registrations. This includes New Licences issued to an individual or organization for the sale and consumption of liquor, and Special Event Licences issued to allow the license holder to host a function with liquor service. Liquor Agency Registration allows a liquor agency to act as a representative of a liquor supplier in the sale of the supplier's liquor in Alberta.

Response times are calculated from the date of receipt of complete documentation to the final processing date of the application. Results equal the ratio of applications completed within established timeframes to the total number of applications processed during the period.

In 2001 – 2002, over 1,700 licences and registrations were issued. As the chart below indicates, almost all were completed within the targeted timeframes.

Type	Number Processed	Target Response Time (business days)	Percentage Completed Within Timeframe
New Licences	1,005	21 days	2001/02 – 100% 2000/01 – 100%
Special Event Licences	695	14 days	2001/02 – 100% 2000/01 – 93%
Liquor Agency Registrations	38	7 days	2001/02 – 89% 2000/01 – 100%
Total	1,738		2001/02 – 99.8%

Liquor industry client satisfaction with AGLC services

Key Results

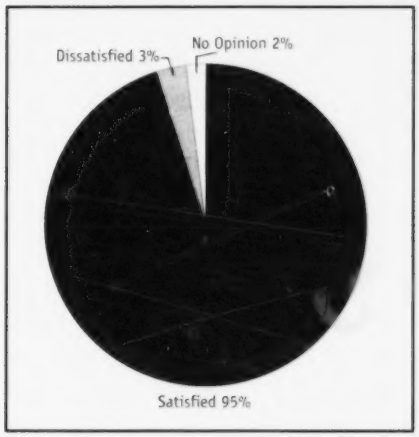
For this performance measure, Research Innovations Inc. was commissioned to survey liquor industry clients to assess their level of satisfaction with the services provided by the AGLC. In January 2002, 364 of the 6,284 Liquor Licensees and 124 of the 216 Registered Liquor Agencies were interviewed, providing a margin of error that is no more than +/- 5.0%, 19 times out of 20.

A random and representative sample of both client groups were asked to focus on the services provided to them by the AGLC over the past 12 months and to rate their satisfaction with three different aspects of service: courtesy of employees, response time, and knowledge of employees.

Clients were asked to base their level of satisfaction on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Satisfaction ratings represent the total percent of respondents indicating they were very satisfied, satisfied or somewhat satisfied with the service.

Overall satisfaction was calculated by weighting the results so that the number of respondents in each group was proportionate to their representation in the entire client population. Overall satisfaction with the services provided by the AGLC is 95%.

Liquor Industry Clients — Overall Satisfaction



Supplemental Information

Liquor Licensees indicated 92% satisfaction with the courtesy of employees, 90% satisfaction with the response time and 88% were satisfied with the knowledge of employees.

A total of 100% of the Registered Liquor Agencies were satisfied with the courtesy of employees and 98% were satisfied with both the response time and the knowledge of employees.

Core Business #2

License and regulate charitable gaming activities

Alberta is a leader with its charitable gaming model for casino, pull ticket, raffle and bingo events. These gaming activities only occur when eligible non-profit and charitable organizations apply for and receive licences to conduct gaming activities.

Alberta's charitable gaming model ensures proceeds from gaming activities provide a benefit to the community.

Goal

Develop gaming policy and conduct licensing activities under the authority of the *Criminal Code (Canada)* and in accordance with the *Gaming and Liquor Act* and Regulation.

All gaming activities, use of proceeds and financial reporting are conducted according to legislation and policy.

Performance Measure	Target	Result
Gaming activities are conducted in accordance with legislation, regulations and policy.	Compliance rates: Bingo: 90% Casino: 90% Pull Ticket: 80% Raffle: 80%	Compliance rates: Bingo: 93% Casino: 98% Pull Ticket: 99% Raffle: 97%
Percentage of licences and registrations completed within established timeframes.	95%	98%
Percentage of gaming industry clients who are satisfied with level of service provided by AGLC.	Establish baseline	95%

About the Results

Compliance with legislation, regulations and policy

Key Results

The Regulatory Division of the Alberta Gaming and Liquor Commission conducts inspections and audits of charitable gaming activities to ensure that licensees are complying with legislation, regulations and policy.

Inspectors complete an inspection report for each inspection conducted. An inspection involves an inspector reviewing the processes, procedures and/or activities conducted at licensed premises, licensed facilities or at licensed gaming events to ensure they are conducted as required. If a violation, which would give rise to a penalty or hearing under the *Gaming and Liquor Act*, Regulation, or Board policy is identified, an incident report is prepared and the matter is referred to the Board of the AGLC or is referred to the Executive Director, Regulatory Division, for a Specified Penalty.

Similarly, the Forensic Audit Branch of the AGLC completes an audit report for each audit. An audit involves the comprehensive analysis of the operations and/or the financial records of a licensee to ensure compliance with the *Gaming and Liquor Act*, Regulation and Board policies. When an infraction is identified, which would give rise to a penalty under the *Gaming and Liquor Act*, Regulation or Board policy, an executive audit summary report is prepared and the matter is referred to the Board of the AGLC or is referred to the Executive Director, Regulatory Division, for a Specified Penalty.

Compliance is measured as a ratio of the number of incident reports and infractions referred to the Board or to the Executive Director of Regulatory to the total number of inspections and audits completed. In 2001 – 2002, over 2,900 inspections and audits were conducted and 116 incident reports and infractions were referred to the Board.

Gaming Activity	Number of inspections and audits conducted	Number of incident reports and infractions	Compliance Rate
Bingo	944	70	93%
Casino	1,637	38	98%
Raffle	205	6	97%
Pull-ticket	192	2	99%

Licences and registrations approved within established timeframes

The AGLC is committed to providing superior service to its stakeholders, partners, and to the public. For the purpose of this performance measure, service is measured by means of meeting response time targets to customers. Response times are calculated from the date of receipt of complete documentation to the final processing date of the application. Results equal the ratio of applications completed within established timeframes to the total number of applications processed during the period.

In 2001 – 2002, 8,611 charitable gaming licences and registrations were processed.

Type	Number Processed	Target Response Time	Percentage Completed Within Timeframe
Bingo licences	1,418	12 weeks	95%
Casino licences	2,673	12 weeks	100%
Pull ticket licences	258	4 weeks	82%
Raffle licences	331	8 weeks	100%
Gaming worker registration	3,931	6 weeks	100%
Total	**8,611**		**98%**

Gaming industry client satisfaction with AGLC services

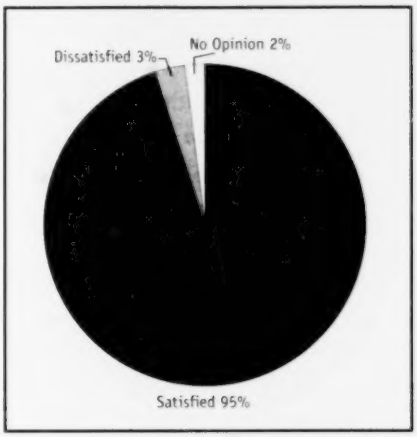
Research Innovations Inc. was commissioned to survey charitable gaming licensees to assess their level of satisfaction with the services provided by the AGLC. In January 2002, telephone interviews were conducted with: 194 of the 390 Bingo Licensees; 344 of the 3,276 Casino Licensees; 169 of the 300 Raffle Licensees; and 72 of the 112 Pull Ticket Licensees providing a margin of error across all client groups that is no more than +/- 5.0%, 19 times out of 20.

A random and representative sample of all four client groups were asked to focus on the services provided to them by the AGLC over the past 12 months and to rate their satisfaction with three different aspects of service: courtesy of employees, response time, and knowledge of employees.

Clients were asked to base their level of satisfaction on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Satisfaction ratings represent the total percent of respondents indicating they were very satisfied, satisfied or somewhat satisfied with the service.

To calculate overall satisfaction with all services received from the AGLC, the results were weighted so that the number of respondents in each group (Bingos, Casinos, Pull Tickets and Raffles) was proportionate to their representation in the entire client population. The four client groups' combined overall satisfaction with the services provided by the AGLC is 95%.

Charitable Gaming Industry Clients — Overall Satisfaction



Supplemental Information

A total of 94% of Bingo licensees indicated they were satisfied with the level of courtesy of employees, 91% were satisfied with the response time and 88% were satisfied with the knowledge of employees.

92% of Casino licensees were satisfied with the level of courtesy of employees, 91% were satisfied with the response time and 90% were satisfied with the knowledge of employees.

Raffle licensees, 95% were satisfied with the level of courtesy of employees, 88% were satisfied with the response time and 93% were satisfied with the knowledge of employees.

A total of 100% of Pull Ticket licensees were satisfied with the level of courtesy of employees and 93% were satisfied with both the response time and the knowledge of employees.

Core Business #3

Conduct and manage provincial gaming activities — video lottery terminals, slot machines and lottery ticket sales

The AGLC owns and operates two primary gaming networks in Alberta — the video lottery (VLT) network and the casino slot network. The AGLC, in partnership with the Western Canada Lottery Corporation (WCLC), also operates ticket lotteries in the province.

Goal

Ensure the video lottery network, slots and ticket lottery network meet the levels of functionality, performance, game integrity, security and operational efficiencies in compliance with government policy and directions.

Ensure the efficiency and effectiveness of gaming operations.

Performance Measure	Target	Result	
Retailer satisfaction with AGLC services related to VLTs, slot machines and ticket lotteries.	80%	2001/02 – 2000/01 –	98% 96%
On-line availability of central operating system for VLTs and slot machines.	99%	2001/02 –	99.99%
Percentage of gaming integrity issues resolved within established timeframes.	80%	2001/02 –	82%

About the Results

Retailer Satisfaction with AGLC services related to VLTs, slot machines and ticket lotteries

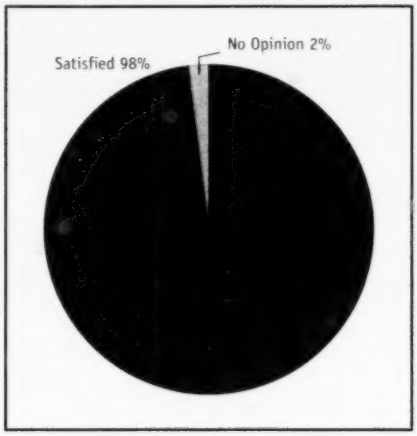
Key Results

For the purpose of this measure, service is defined as Hotline and field repair services related to VLTs and ticket lottery terminals, and field repair services for slot machines. A random and representative sample of telephone interviews with 295 of the 1,176 VLT operators, 326 of the 2,010 lottery ticket retailers, and a census survey of 15 of the 18 slot machine operators were conducted in January 2002. In total, 636 interviews were completed with respondents, for an overall margin of error of +/- 3.9%, 19 times out of 20.

Retailers were asked to rate their satisfaction with various aspects of the Hotline services and field repair services they have received from the AGLC over the past 12 months. Clients were asked to base their level of satisfaction on six choices: very satisfied; satisfied; somewhat satisfied; somewhat dissatisfied; dissatisfied; or very dissatisfied. Satisfaction ratings represent the total percent of respondents indicating they were very satisfied, satisfied or somewhat satisfied with the service.

To calculate overall satisfaction with all services received from the AGLC, the data was weighted so that the number of clients in each group was proportionate to their representation in the entire client population. The three client groups' combined overall satisfaction with the services provided by the AGLC is 98%.

Overall Retailer Satisfaction



Supplemental Information

VLT Operators rated their satisfaction with Hotline services based on the level of courtesy (99% satisfied), instructions and information received (99% satisfied), knowledge of Hotline operators (98% satisfied) and speed at which calls were answered (97% satisfied). Satisfaction was rated for the field repair services based on the level of courtesy (98% satisfied), quality of the technicians' repairs (94% satisfied) and response time (88% satisfied).

Lottery Ticket Retailers were asked to rate their satisfaction with various aspects of the Hotline services they have received from the Western Canada Lottery Corporation over the past 12 months.

Lottery Ticket Retailers rated their satisfaction with Hotline services based on the level of courtesy (99% satisfied), instructions and information received (98% satisfied), knowledge of Hotline operators (98% satisfied) and the speed at which calls were answered (94% satisfied).

Lottery Ticket Retailers rated their satisfaction with the field repair services they have received from the AGLC based on the level of courtesy (95% satisfied), quality of the technicians' repairs (94% satisfied) and the response time (95% satisfied).

Casino Operators rated their satisfaction with field repair service based on the level of courtesy (100% satisfied) and the quality of the technicians' repairs (100% satisfied).

On-line availability of central operating system for VLTs and slot machines

The AGLC aims to ensure that gaming activities are conducted in a responsible manner while providing financial returns to benefit charitable, non-profit, public and community-based initiatives throughout Alberta.

All electronic gaming activities are monitored and controlled through central computerized systems located at the AGLC. The VLT Central System and the Slot Central System are individual computer systems that automate the security and accounting for the video lottery terminals and slot machines throughout the province.

Availability of the Slot Central System and the VLT Central System are measured separately. Both systems must be available 7 days per week, 17 hours per day (10:00 a.m. – 3:00 a.m.). The measure is the combined availability of both Central Systems over the period.

In 2001 – 2002, there were no instances in which the VLT Central System at the AGLC was unavailable. However, there were two such instances with the Slot Central System. A problem occurred during the change to daylight saving time, causing a 30-minute outage and a 15-minute outage occurred during software upgrade. As a result overall on-line availability for 2001 – 2002 was 99.99%.

Percentage of gaming integrity issues resolved within established timeframes

Maintaining the integrity of gaming in Alberta is essential. The AGLC works with stakeholders to ensure games are operated fairly and according to consistently applied rules and procedures.

For the purpose of this measure, gaming integrity issues are defined as any dispute concerning the operation of the gaming equipment, any credit dispute involving a player or a retailer, or any perceived illegal or unethical behavior by a retailer or AGLC employee.

Most gaming integrity issues are resolved by AGLC inspectors. Those that cannot be resolved by inspectors are forwarded to the AGLC Response Team. The Response Team, which is comprised of representatives from most of the divisions of the AGLC, aims to address and resolve these issues within 30 days of receiving them. In 2001 – 2002, the Response Team resolved 101 issues and 82% were resolved within 30 days.

51-63

M121

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Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2002 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CA
Auditor General

Edmonton, Alberta
May 23, 2002

Alberta Gaming and Liquor Commission
Balance Sheet

(thousands of dollars)

As at March 31, 2002

	March 31, 2002	March 31, 2001
ASSETS		
Current Assets		
Cash (Note 3)	$ 143,873	$ 74,570
Accounts receivable	28,974	25,084
Prepaid expenses and inventories (Note 4)	6,225	5,618
	179,072	105,272
Capital Assets (Note 5)	69,647	79,032
	$ 248,719	$ 184,304
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 77,422	$ 56,935
Due to the Alberta Lottery Fund (Note 7)	28,497	26,008
	105,919	82,943
Due to General Revenues (Note 8)	137,509	95,462
Provision for Loss on Leased Properties	5,291	5,899
	$ 248,719	$ 184,304

The accompanying notes are part of these financial statements.

APPROVED BY MANAGEMENT:

Norman C. Peterson, CA
Chairman and Chief Executive Officer

H. Ronald Crosby, CA
Executive Director, Finance and Administration

Alberta Gaming and Liquor Commission
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Chairman and Chief Executive Officer

H. Ronald Crosby, CA
Executive Director, Finance and Administration

ALBERTA
LOTTERY FUND

Alberta Gaming and Liquor Commission
Statement of Operations
(thousands of dollars)

For the year ended March 31, 2002

	Budget 2002 (Note 9)	Actual 2002	Actual 2001
REVENUE			
Video lottery terminals	$	$ 9,031,379	$ 8,405,672
Casino gaming and electronic racing terminals		6,144,390	4,842,020
Liquor		1,379,629	1,271,658
Ticket lottery		407,124	393,905
		16,962,522	14,913,255
PRIZES AND COST OF PRODUCT			
Video lottery terminals		8,294,676	7,717,566
Casino gaming and electronic racing terminals		5,676,480	4,467,319
Liquor		887,075	803,270
Ticket lottery		204,763	197,554
		15,062,994	13,185,709
Gross Profit	1,474,949	1,899,528	1,727,546
Commission and Federal Payments (Note 10)	-	(301,895)	(271,611)
Other Income (Note 11)	13,000	14,579	12,881
Operating Grants	88,628	83,150	69,878
Operating Expenses (Note 12)	(88,628)	(83,150)	(69,878)
Net Operating Results	$ 1,487,949	$ 1,612,212	$ 1,468,816

Alberta Gaming and Liquor Commission
Statement of Cash Flow

(thousands of dollars)

For the year ended March 31, 2002

	Actual 2002	Actual 2001
CASH FROM OPERATIONS		
Net income for the year	$ 1,612,212	$ 1,468,816
Decrease in provision for loss on leased properties	(608)	(325)
Amortization	20,733	15,581
Loss on disposal of capital assets	32	149
Increase in amount due to General Revenues	2,914	1,330
Net change in non-cash working capital balances	15,990	(10,988)
	1,651,273	1,474,563
REMITTANCES TO THE ALBERTA LOTTERY FUND	(1,102,590)	(982,539)
REMITTANCES TO GENERAL REVENUES	(468,000)	(507,600)
	80,683	(15,576)
CASH USED FOR INVESTMENT		
Purchase of capital assets	(11,385)	(27,379)
Proceeds on disposal of capital assets	5	601
	(11,380)	(26,778)
INCREASE (DECREASE) IN CASH	69,303	(42,354)
CASH, beginning of year	74,570	116,924
CASH, end of year	$ 143,873	$ 74,570

ALBERTA
LOTTERY FUND

Alberta Gaming and Liquor Commission
Statement of Operations
(thousands of dollars)

For the year ended March 31, 2002

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Alberta Gaming and Liquor Commission
Statement of Cash Flow

(thousands of dollars)

For the year ended March 31, 2002

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Net income for the year	$ 1,612,212	$ 1,468,816
Decrease in provision for loss on leased properties	(608)	(325)
Amortization	20,733	15,581
Loss on disposal of capital assets	32	149
Increase in amount due to General Revenues	2,914	1,330
Net change in non-cash working capital balances	15,990	(10,988)
	1,651,273	1,474,563
REMITTANCES TO THE ALBERTA LOTTERY FUND	(1,102,590)	(982,539)
REMITTANCES TO GENERAL REVENUES	(468,000)	(507,600)
	80,683	(15,576)
CASH USED FOR INVESTMENT		
Purchase of capital assets	(11,385)	(27,379)
Proceeds on disposal of capital assets	5	601
	(11,380)	(26,778)
INCREASE (DECREASE) IN CASH	69,303	(42,354)
CASH, beginning of year	74,570	116,924
CASH, end of year	$ 143,873	$ 74,570

ALBERTA LOTTERY FUND

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code of Canada*, and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta.

The net proceeds arising from the conduct of authorized ticket lottery, video lottery and casino gaming terminal operations in Alberta are remittable to the Alberta Lottery Fund. The net proceeds of liquor operations and other income are remittable to General Revenues.

The Commission is a Crown agent of the Government of Alberta and as such has a tax-exempt status.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

Joint Venture
Alberta's share of the operations of the Western Canada Lottery Corporation is accounted for as a joint venture using the proportionate consolidation method.

Inventories
Supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Capital Assets
Capital assets are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful lives of the assets, as follows:

Buildings and leasehold improvements	2.5% or 10% (or lease term)
Gaming systems and equipment	10% or 33 1/3%
Video lottery and casino gaming terminals	14.3%
Furniture and equipment	10% or 20%
Retailer fixtures and signage	20%
Computer software	33 1/3%
Vehicles	20% or 33 1/3%

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 2 (Con't)

Write-downs of capital assets to estimated net recoverable amount or to net realizable value are included in accumulated amortization.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Revenue Recognition

Revenues are recognized on an accrual basis. On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date of sale to retail.

Measurement Uncertainty

Estimates are used when accounting for items and matters such as amortization, allowance for uncollectable accounts receivable, inventory valuation and commitments. Actual results could differ from those estimates.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term securities. The Fund earns interest on its daily cash balance at the average rate of interest earned by the CCITF, which varies depending on prevailing market interest rates. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 PREPAID EXPENSES AND INVENTORIES

	March 31, 2002	March 31, 2001
Gaming parts	$ 3,806	$ 3,559
Prepaid expenses	1,938	1,412
Supplies	481	647
	$ 6,225	$ 5,618

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

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Supplies	481	647
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Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 5 CAPITAL ASSETS

	March 31, 2002			March 31, 2001
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	$ 4,113	$ -	$ 4,113	$ 4,113
Buildings and leasehold improvements	50,376	38,267	12,109	12,479
Gaming systems and equipment	49,119	37,050	12,069	12,529
Casino gaming terminals	67,821	32,287	35,534	41,795
Video lottery terminals	46,212	43,212	3,000	5,911
Furniture and equipment	26,410	25,262	1,148	845
Retailer fixtures and signage	7,404	6,701	703	714
Computer software	5,114	4,749	365	114
Vehicles	1,826	1,220	606	514
Other	-	-	-	18
	$ 258,395	$ 188,748	$69,647	$79,032

Included in amortization expense is $3.4 million related to write-down of casino gaming terminals.

NOTE 6 PENSIONS

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,039,206 for the year ended March 31, 2002 (2001 - $932,874). The Commission's portion of the Western Canada Lottery Corporation pension expense is $232,470 for the year ended March 31, 2002 (2001 - $180,209).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338,000 (2000 - $170,858,000 (restated)) and the Public Service Pension Plan reported a surplus of $320,487,000 (2000 - $635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399,000 (2000 - surplus of $180,000). The Commission's portion of the Western Canada Lottery Corporation deficiency as at March 31, 2002 is $23,106 (2001 - surplus of $207,000).

The Commission also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646,000 (2001 - $12,710,000) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656,000 (2001 - $4,583,000). The expense for these two plans is limited to employer's annual contributions for the year.

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 7 DUE TO THE ALBERTA LOTTERY FUND

This amount represents the portion of the revenues from lottery operations which has not been remitted to the Alberta Lottery Fund.

	Actual 2002	Actual 2001
Due to the Alberta Lottery Fund, beginning of year	$ 26,008	$ 21,000
Remittable to the Alberta Lottery Fund	1,105,079	987,547
Remittances to the Alberta Lottery Fund	(1,102,590)	(982,539)
Due to the Alberta Lottery Fund, end of year	$ 28,497	$ 26,008

NOTE 8 DUE TO GENERAL REVENUES

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

	2002	2001
Due to General Revenues, beginning of year	$ 95,462	$ 120,463
Operating grant returned to General Revenues	(2,564)	(1,234)
	92,898	119,229
Net income for the year	1,612,212	1,468,816
Remittable to the Alberta Lottery Fund	(1,105,079)	(987,547)
Remittances to General Revenues	(468,000)	(507,600)
	39,133	(26,331)
Due to General Revenues from operating grant funds, end of year	5,478	2,564
Due to General Revenues, end of year	$ 137,509	$ 95,462

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 5 CAPITAL ASSETS

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	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Land	$ 4,113	$ -	$ 4,113	$ 4,113
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Other	-	-	-	18
	$ 258,395	$ 188,748	$69,647	$79,032

Included in amortization expense is $3.4 million related to write-down of casino gaming terminals.

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Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

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Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 9 BUDGET

The Commission, in its annual business plan, includes its annual budget on a summarized basis. The summarized budget receives approval by the Minister of Gaming and becomes part of the estimates of the Government. The Government Estimates are approved by the Legislature.

NOTE 10 COMMISSIONS AND FEDERAL PAYMENTS

	Actual 2002	Actual 2001
Commissions		
Video lottery terminals	$ 110,482	$ 103,184
Casino gaming and electronic racing terminals:		
- Operators	73,430	65,245
- Charities	67,169	53,740
Ticket lottery	27,838	26,856
	278,919	249,025
Federal Tax Expenses (a)		
Video lottery terminals	9,215	9,791
Casino gaming and electronic racing terminals	4,919	4,049
Ticket lottery	3,126	3,262
	17,260	17,102
Payment to Federal Government (b)	5,716	5,484
	$ 301,895	$ 271,611

(a) Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on ticket lottery, video lottery and casino gaming terminal sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 11 OTHER INCOME

	Actual 2002	Actual 2001
Licences and permits	$ 5,861	$ 5,945
Interest revenue	3,778	3,181
Miscellaneous	2,782	786
Liquor levies	913	1,211
Premises rental revenue	623	618
Retailer service fees	533	523
Fines and violations	121	766
Gain (loss) on disposal of capital assets	(32)	(149)
	$ 14,579	$ 12,881

NOTE 12 OPERATING EXPENSES

	Actual 2002	Actual 2001
Salaries and benefits	$ 24,596	$ 21,894
Amortization*	18,228	15,581
Data communications	7,085	6,580
Equipment and vehicles	6,879	5,409
Media and media production	6,604	5,584
Ticket printing	6,334	5,333
Fees and services	3,098	1,769
Leased Gaming Terminals	2,104	765
Property	1,976	2,280
Travel and training	1,322	1,152
Freight and product delivery	1,228	901
Insurance and bank charges	1,041	811
Stationery and supplies	984	1,011
Data processing	483	333
Presentations and publications	479	55
Miscellaneous	373	253
Retailer relations	262	103
Product expense	85	81
Overhead and other	(11)	(17)
	$ 83,150	$ 69,878

* Amortization includes a reversal of a provision for loss on equipment of $2,505,000.

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

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Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

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Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 13 COMMITMENTS

The Commission has a number of lease obligations, including former retail liquor stores that operate under lease arrangements with terms ranging from one to thirty years. Most of these properties have been subleased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

Fiscal 2002-03	$ 1,928
2003-04	1,674
2004-05	1,491
2005-06	1,353
2006-07	1,110
Balance to expiry	6,649
	$14,205

Estimated future revenues to be derived from subleases amount to $8.5 million at March 31, 2002. Provision for loss has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

NOTE 14 CONTINGENCIES

At March 31, 2002 the AGLC is a defendant in nine legal claims (2001 - twelve legal claims). Six of these claims have specified amounts, and the remaining three have not specified any amount (2001 – nine claims with specified and three with no specified amount). Included in the total claims are two claims in which the AGLC has been jointly named with other entities.

In conjunction with the joint venture operating with the Western Canada Lottery Corporation, it is also noted that the Western Canada Lottery Corporation is a defendant in four legal claims, all with specified amounts (2001 - one claim with a specified amount).

The resulting loss, if any from these claims cannot be determined.

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 15 SALARIES AND BENEFITS

	2002			2001
	Salary (a)	Benefits (b)	Total	Total
Senior Officers				
Chairman and CEO (c)	$ 82	$ 12	$ 94	$ 80
Board Members	80	-	80	56
Executives				
Executive Director, Regulatory	108	23	131	123
Executive Director, Gaming Products and Services	110	24	134	122
Executive Director, Information Systems	94	17	111	113
Executive Director, Finance and Administration	91	16	107	104

a) Salary includes regular base pay, bonuses and lump sum payments.

b) Benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability, professional memberships, tuition and automobile benefits.

c) The Deputy Minister for Gaming also serves as the Chairman and CEO of the Alberta Gaming and Liquor Commission. A portion of the Deputy Minister's salary is allocated to the Alberta Gaming and Liquor Commission, representing the proportionate amount of time the Deputy Minister spends on Commission business.

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

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Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 16 JOINT VENTURE - TICKET LOTTERY OPERATIONS

The joint venture conducted by Western Canada Lottery Corporation is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

	As at March 31,	
	2002	2001
Balance Sheet		
Current assets	$ 27,965	$ 31,899
Capital assets	7,453	7,767
	$ 35,418	$ 39,666
Current liabilities	$ 18,248	$ 18,041
Investment in joint venture	17,170	21,625
	$ 35,418	$ 39,666

	Year ended March 31,	
	2002	2001
Statement of Operations		
Gross profit	$ 165,681	$ 160,749
Operating expenses	(21,017)	(19,170)
Net income	$ 144,664	$ 141,579
Statement of Cash Flow		
Cash from operations	$ 145,384	$ 142,019
Cash used for investment	$ 620	$ 3,679

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

NOTE 17 RELATED PARTY TRANSACTIONS

The Commission has the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

	2002 Expenses - Incurred by Others (a)			2001
	Accommodation Costs (b)	Legal Services (c)	Total Expenses	Total Expenses
Division				
Regulatory	$ -	$ 68.3	$ 68.3	$ 24.1
Commission Office	-	39.7	39.7	7.4
Finance and Administration	6.0	10.1	16.1	34.1
Gaming Products and Services	-	2.8	2.8	8.0
Information Systems	-	2.5	2.5	0.3
	$ 6.0	$ 123.4	$ 129.4	$ 73.9

(a) Costs incurred by Alberta Justice and Alberta Infrastructure on behalf of the Alberta Gaming and Liquor Commission.

(b) Net costs for Accommodation (includes grants in lieu of taxes) in Calgary, Fort McMurray, Grande Prairie and St. Albert.

(c) Costs for Legal Services allocated on hours of service provided.

The Commission also had the following transactions with related parties recorded on the Statement of Net Income at the amount of consideration agreed upon between the related parties:

Alberta Corporate Service Centre	$ 118
Alberta Infrastructure	8
	$ 126

Notes to the Financial Statements

(tabular amounts in thousands)

March 31, 2002

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March 31, 2002

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Alberta Infrastructure	8
	$ 126

Alberta Lottery Fund Commitments 2002 – 2003

Alberta's lottery profits are deposited into the Alberta Lottery Fund. Alberta Lottery Fund expenditures are approved annually by the Provincial Legislature.

This fund is used to support over 8,000 worthwhile community initiatives. Hospital equipment purchases, health and wellness programs, education, recreation and cultural initiatives are just some of the ways lottery proceeds are used. The following is the list of Alberta Lottery Fund estimates for the fiscal year 2002-03.

Agriculture, Food and Rural Development	
Agricultural Initiatives	$ 11,620,000
Agricultural Service Boards	5,000,000
Children's Services	
Family and Community Support Services	25,000,000
Community Development	
Hosting Arctic Winter Games	500,000
Alberta Foundation for the Arts	21,104,000
Alberta Historical Resources Foundation	5,913,000
Alberta Sport, Recreation, Parks and Wildlife Foundation	15,085,000
Human Rights, Citizenship and Multiculturalism Education Fund	1,062,000
Wild Rose Foundation	6,550,000
Arts Development	1,438,000
Sport and Recreation	1,143,000
Volunteer Services	3,461,000
First Nations Development Fund	2,000,000
Economic Development	
Travel Alberta Secretariat	1,200,000
In-Alberta / Regional Marketing	2,650,000
International Marketing (Tourism)	8,450,000
Tourism Destination Regions	1,800,000
Gaming	
Alberta Gaming and Liquor Commission - Lottery Operations	97,892,000
Community Facility Enhancement Program	25,000,000
Major Fairs and Exhibitions	2,660,000
Calgary Exhibition and Stampede	7,100,000
Edmonton Northlands	7,100,000
Alberta Gaming Research Institute	1,500,000
Alberta Gaming Research Council	100,000
Racing Industry Renewal	33,000,000
Edmonton Oilers Ticket Lottery	2,700,000
Calgary Flames Ticket Lottery	2,700,000
Bingo Associations	3,193,000
Other Initiatives	10,116,000

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Health and Wellness	
Alberta Wellnet	22,598,000
Health Innovation Fund	5,892,000
Alberta Alcohol and Drug Abuse Commission	47,122,000
Aboriginal Health Strategies	2,200,000
Alberta Wellness Initiative	2,000,000
Rural Initiatives (Physicians)	17,300,000
Health Services Research	10,375,000
Infrastructure	
Health Care Facilities	50,000,000
School Facilities	35,000,000
Seniors' Lodges	10,000,000
Post-Secondary Facilities	10,000,000
Innovation and Science	
Strategic and Research Investments Program	36,722,000
Alberta Agricultural Research Institute	8,875,000
Alberta Supernet	121,800,000
Informatics Circle of Research Excellence	10,000,000
Alberta Forestry Research Institute	1,760,000
Alberta Energy Research Institute	3,487,000
Learning	
Achievement Scholarships	3,100,000
Learning Television	8,100,000
Online Curriculum Repository	8,000,000
School Support - Transportation Subsidies	40,000,000
School Support - High Speed Networking	6,000,000
Community Education	18,900,000
Municipal Affairs	
Municipal Sponsorship	12,000,000
Unconditional Municipal Grants	28,000,000
Transportation	
Water Management Infrastructure	15,000,000
Infrastructure Canada / Alberta Program	15,000,000
Rural Transportation Partnerships	15,000,000
North-South Trade Corridor	20,000,000
Finance	
Transfer for Debt Repayment / Contingency Reserve	319,830,000
	$1,211,098,000

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